

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 60th LEGISLATURE - REGULAR SESSION

COMMITTEE ON TAXATION

Call to Order: By Chairman Bob Lake, on February 20, 2007 at 8:00 A.M., in Room 152 Capitol.

ROLL CALL

Members Present:

Rep. Bob Lake, Chairman (R)
Rep. Jill Cohenour, Vice Chairman (D)
Rep. Jon Sonju, Vice Chairman (R)
Rep. Norma Bixby (D)
Rep. Mark Blasdel (R)
Rep. Edward B. Butcher (R)
Rep. Ron Erickson (D)
Rep. Wanda Grinde (D)
Rep. Robin Hamilton (D)
Rep. Edward Hilbert (R)
Rep. Mike Jopek (D)
Rep. Carol Lambert (R)
Rep. Gary MacLaren (R)
Rep. Dave McAlpin (D)
Rep. Bill Nooney (R)
Rep. JP Pomnichowski (D)
Rep. John (Jack) W. Ross (R)
Rep. Chas Vincent (R)

Members Excused: None.

Members Absent: None.

Staff Present: Jeff Martin, Legislative Branch
Debra Polhemus, Committee Secretary

Audio Committees: These minutes are in outline form only. They provide a list of participants and a record of official action taken by the committee. The link to the audio recording of the meeting is available on the Legislative Branch website.

Committee Business Summary:

Hearing & Date Posted: HB 598, 2/14/2007; HB 644,
2/16/2007; HB675, 2/16/2007; HB
719, 2/9/2007

Executive Action: HB 529; HB 270

HEARING ON HB 598

Opening Statement by Sponsor:

00:01:59 Rep. Ron Erickson (D), HD 93, opened the hearing on HB
598, Distribute certain oil and gas production taxes to
cities, towns, and counties.

[EXHIBIT\(tah38a01\)](#)

[EXHIBIT\(tah38a02\)](#)

Proponents' Testimony: None

Opponents' Testimony:

00:12:07 Sen. Donald Steinbeisser, SD 19

00:15:27 Cole Chandler, Operations Manager, Klabzuba Oil & Gas,
Inc., also representing Montana Petroleum Association
(President)

[EXHIBIT\(tah38a03\)](#)

00:24:22 Jon Brumley, Chairman of the Board, Encore Acquisition
Company

[EXHIBIT\(tah38a04\)](#)

00:29:51 Patrick M. Montalban, President & CEO, Altamont Oil
& Gas Inc. and Genesis Energy Inc., also representing
Northern Montana Oil and Gas Association

[EXHIBIT\(tah38a05\)](#)

00:39:15 Willie Duffield, Executive Director, Montana Oil and
Gas Producing Counties also speaking for Richland
County Commissioner

00:41:34 Bruce Williams, Vice President, Operations, Fidelity
Exploration and Production Company

[EXHIBIT\(tah38a06\)](#)

00:43:49 Tom Luttrell, Senior Vice President, Continental
Resources, Inc.

[EXHIBIT\(tah38a07\)](#)

00:44:49 Thomas Ebzery, Attorney, Billings, representing Nance
Petroleum Corporation and Devon Energy

[EXHIBIT\(tah38a08\)](#)

[EXHIBIT\(tah38a09\)](#)

00:45:27 Doug Sullivan, Superintendent of Schools, Sydney

00:45:44 Tom Hauptman, Independent Oil and Gas Producer,
Billings

Opponents' Testimony: (con't)

00:46:35 Leo Miller, Headington Oil Company, Texas (Richland County Oil location)

00:47:48 Dave Galt, Executive Director, Montana Petroleum Association

EXHIBIT (tah38a10)

EXHIBIT (tah38a11)

00:48:15 Gary Amestoy, representing Richland County Economic Development Corporation

00:49:00 John Prinkki, President, Montana Association of Counties

00:50:51 Ed Bartlett, Northern Alliance of Oil and Gas Producers

Informational Testimony:

00:51:11 Lee Baerlocher, Department of Revenue

Questions from Committee Members and Responses:

00:51:29 Rep. McAlpin

00:55:42 Rep. Pomnichowski

00:57:32 Rep. Nooney

01:00:54 Rep. Jopek

01:04:38 Rep. Pomnichowski

01:05:31 Rep. Hamilton

01:06:36 Dave Galt

Closing by Sponsor:

01:07:38 Rep. Ron Erickson

HEARING ON HB 675

Opening Statement by Sponsor:

01:10:41 Rep. Hal Jacobson (D), HD 82, opened the hearing on HB 675, Property surtax on certain residences for emergency services.

Proponents' Testimony: None

Opponents' Testimony:

01:15:35 Joe Roberts, representing Montana Association of Realtors also speaking for Mary Whittinghill, Montana Taxpayers Association

Discussion:

01:19:39 Rep. Cohenour

01:19:51 Chairman Lake

Opponents' Testimony: (con't)

01:20:03 Joe Roberts

Informational Testimony:

01:22:51 Bob Harrington, Forestry Division Administrator,
Department of Natural Resources (DNRC)

01:28:20 Randy Wilke, Department of Revenue

Questions from Committee Members and Responses:

01:28:34 Rep. Hilbert

01:30:44 Rep. Erickson

01:34:11 Rep. Nooney

01:38:26 Rep. Jopek

01:40:46 Rep. Sonju

01:43:32 Rep. Ross

01:44:52 Rep. Vincent

01:46:36 Rep. Lambert

Closing by Sponsor:

01:50:22 Rep. Hal Jacobson

01:54:52 Break

02:04:21 Reconvene

HEARING ON HB 644

Opening Statement by Sponsor:

02:05:24 Rep. Jon Sonju (R), HD 7, opened the hearing on HB 644,
Revise net operating loss to conform to federal law.

Proponents' Testimony:

02:06:05 Joe Shevlin, representing Montana Society of CPA's

02:11:00 Amy Grmoljez, representing Montana Banker's Association

Opponents' Testimony: None

Informational Testimony:

02:11:38 Brian Staley, Department of Revenue

Questions from Committee Members and Responses:

02:12:04 Rep. Hamilton
02:13:00 Rep. Erickson
02:15:29 Rep. Lambert
02:17:28 Joe Shevlin
02:18:30 Rep. Cohenour
02:18:53 Brian Stahly

Closing by Sponsor:

02:20:11 Rep. Jon Sonju

HEARING ON HB 719

Opening Statement by Sponsor:

02:20:36 Rep. Franke Wilmer (D), HD 64, opened the hearing on HB 719, Child and dependent care tax credit.

[EXHIBIT\(tah38a12\)](#)

[EXHIBIT\(tah38a13\)](#)

[EXHIBIT\(tah38a14\)](#)

Proponents' Testimony:

02:27:32 Judy Robbington, individual

Opponents' Testimony: None

Informational Testimony:

02:31:57 Brian Olsen, Department of Revenue

Questions from Committee Members and Responses:

02:32:32 Rep. Nooney
02:34:22 Rep. Sonju
02:35:28 Jeff Martin, Legislative Services Division
02:36:38 Rep. Wilmer
02:37:28 Rep. Sonju
02:37:55 Rep. Hilbert
02:40:42 Rep. Cohenour
02:42:12 Chairman Lake
02:42:41 Rep. Grinde
02:43:37 Jeff Martin

Questions from Committee Members and Responses: (con't)

02:45:01 Rep. Wilmer
02:46:14 Rep. Erickson

Closing by Sponsor:

02:50:24 Rep. Franke Wilmer

EXECUTIVE ACTION ON HB 270

02:53:16 **Motion:** Rep. Sonju moved that **HB 270 DO PASS.**

Discussion:

02:53:45 Rep. Sonju
02:53:53 Jeff Martin

03:00:07 **Motion:** Rep. Sonju moved that **HB 270 BE AMENDED.**
EXHIBIT(tah38a15)

Discussion:

03:00:22 Rep. McAlpin
03:00:51 Rep. Sonju
03:02:25 Chairman Lake
03:02:35 Rep. Cohenour
03:06:17 Rep. Sonju
03:08:47 Rep. Erickson
03:09:13 Jeff Martin
03:09:38 Rep. Sonju
03:09:57 Rep. Cohenour
03:10:20 Jeff Martin
03:12:03 Rep. Jopek
03:14:00 Rep. Sonju

03:14:59 **Vote:** **MOTION CARRIED** 11-7 by roll call vote with Reps. Bixby, Cohenour, Erickson, Grinde, Hamilton, McAlpin, and Pomnichowski voting no.

03:16:03 **Motion:** Rep. Sonju moved that **HB 270 DO PASS AS AMENDED.**
EXHIBIT(tah38a16)

Discussion:

03:16:11 Rep. Cohenour
03:19:14 Rep. McAlpin
03:19:29 Rep. Ross
03:20:34 Rep. Grinde
03:21:35 Rep. Erickson
03:23:47 Chairman Lake

03:24:18 **Vote:** **MOTION CARRIED** 11-7 by roll call vote with Reps. Bixby, Cohenour, Erickson, Grinde, Hamilton, McAlpin, and Pomnichowski voting no.

EXECUTIVE ACTION ON HB 529

03:25:34 **Motion:** Rep. Sonju moved that **HB 529 DO PASS.**

03:25:43 Rep. Sonju assumes position as Chairman.

03:26:21 **Motion:** Rep. Lake moved that **HB 529 BE AMENDED.**
EXHIBIT (tah38a17)

Discussion:

03:26:48 Jeff Martin
03:32:38 Rep. Erickson
03:33:05 Jeff Martin
03:34:14 Rep. Erickson
03:34:22 Rep. Lake
03:34:45 Rep. Erickson
03:35:11 Rep. Lake
03:35:20 Jeff Martin
03:35:42 Rep. McAlpin
03:35:58 Jeff Martin
03:36:54 Rep. Cohenour
03:37:15 Jeff Martin
03:37:32 Rep. Pomnichowski
03:39:33 Rep. Lake

03:40:07 **Vote:** **MOTION CARRIED** 10-8 by roll call vote with Reps. Bixby, Cohenour, Erickson, Grinde, Hamilton, Jopek, McAlpin, and Pomnichowski voting no.

03:40:51 **Motion:** Rep. Lake moved that **HB 529 DO PASS AS AMENDED.**

Discussion:

03:41:39 Rep. Erickson

EXHIBIT(tah38a18)

03:42:21 Rep. Lambert

03:42:37 Rep. Ross

03:43:10 Rep. McAlpin

03:43:38 **Substitute Motion:** Rep. Lake moved that **EXHIBIT #18 BE REMOVED FROM CONSIDERATION OF THE COMMITTEE DURING EXECUTIVE ACTION.**

Discussion:

03:43:59 Rep. Cohenour

03:44:22 Rep. Lake

03:44:30 Vice Chair Sonju

03:44:36 Rep. Erickson

03:44:53 Rep. Cohenour

03:45:01 Vice Chair Sonju

03:46:03 **Vote:** **SUBSTITUTE MOTION CARRIED** 10-8 by roll call vote with Reps. Bixby, Cohenour, Erickson, Grinde, Hamilton, Jopek, McAlpin, and Pomnichowski voting no.

03:46:11 Rep. Cohenour

03:46:24 Rep. Erickson

03:46:38 Rep. Nooney

03:47:01 Rep. MacLaren

03:47:38 Rep. Cohenour

03:48:07 Rep. Sonju

03:48:16 Rep. Lake

03:49:18 Rep. Cohenour

03:49:41 Rep. Jopek

03:50:16 Rep. Sonju

03:50:31 **Vote:** **MOTION FAILED** 9-9 by roll call vote with Reps. Blasdel, Butcher, Hilbert, Lake, Lambert, Nooney, Ross, Sonju, and Vincent voting aye.

03:51:53 **Motion:** Rep. Jopek moved that **THE TAXATION COMMITTEE MEETING BE ADJOURNED.**

Discussion:

03:52:04 Rep. Lambert

03:52:14 Rep. Cohenour

03:52:24 **Vote:** **MOTION CARRIED** unanimously by voice vote.

ADDITIONAL EXHIBITS:

Pertaining to HB 529 heard on February 13, 2007:

[EXHIBIT](#)(tah38a19)

[EXHIBIT](#)(tah38a20)

[EXHIBIT](#)(tah38a21)

[EXHIBIT](#)(tah38a22)

[EXHIBIT](#)(tah38a23)

[EXHIBIT](#)(tah38a24)

[EXHIBIT](#)(tah38a25)

ADJOURNMENT

Adjournment: 11:54 P.M.

REP. BOB LAKE, Chairman

DEBRA POLHEMUS, Secretary

BL/dp

Additional Exhibits:

EXHIBIT ([tah38aad.pdf](#))